

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	81.68	0.00	0.00	81.68	0.00	0.00	81.68	81.68
Personal Services	3,255,166	191,493	0	3,446,659	194,271	0	3,449,437	6,896,096
Operating Expenses	546,490	36,046	(84,328)	498,208	16,071	(66,725)	495,836	994,044
Equipment	28,802	(28,802)	0	0	(28,802)	0	0	0
<b>Total Costs</b>	<b>\$3,830,458</b>	<b>\$198,737</b>	<b>(\$84,328)</b>	<b>\$3,944,867</b>	<b>\$181,540</b>	<b>(\$66,725)</b>	<b>\$3,945,273</b>	<b>\$7,890,140</b>
General Fund	3,506,495	141,323	(141,323)	3,506,495	123,720	(123,720)	3,506,495	7,012,990
State/Other Special	235,065	49,616	56,995	341,676	50,022	56,995	342,082	683,758
Federal Special	88,898	7,798	0	96,696	7,798	0	96,696	193,392
<b>Total Funds</b>	<b>\$3,830,458</b>	<b>\$198,737</b>	<b>(\$84,328)</b>	<b>\$3,944,867</b>	<b>\$181,540</b>	<b>(\$66,725)</b>	<b>\$3,945,273</b>	<b>\$7,890,140</b>

### Agency Description

The Montana School for the Deaf and Blind operates under the authority of Title 20-8-101 through 121, MCA and the policy and governance of the State Board of Public Education. The school provides resident and outreach educational services to deaf and hard of hearing, and blind and low vision children whose impairment is such as to preclude their making average progress in regular public schools. In addition, the school serves as a resource center to parents of deaf and blind children, along with state public school and organizations that serve the deaf and blind. Their goal, like most other schools, is to allow their students to attain the attitude, understanding, skill, ability, and knowledge to become contributing members of society.

### Agency Discussion

School for the Deaf and Blind Major Budget Highlights	
<ul style="list-style-type: none"> <li>Total funding increases 2.8 percent over the 2003 biennium appropriation</li> <li>General fund is maintained at the same level as actual fiscal 2002 expenditures</li> <li>Budget balancing items include general operating reductions and continuing the Montana Telecommunications Access Program (MTAP) funding switch approved during the August 2002 Special Session</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>MTAP funding switch</li> </ul>	

### Funding

The following table summarizes funding for the agency, by program and source as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

**Total Agency Funding  
2005 Biennium Executive Budget**

<u>Agency Program</u>	<u>General Fund</u>	<u>State Spec.</u>	<u>Fed Spec.</u>	<u>Grand Total</u>	<u>Total %</u>
Administration Program	\$ 638,347	\$ 1,568	\$ -	\$ 639,915	8.1%
General Services Program	695,931	-	-	695,931	8.8%
Student Services	2,008,757	-	55,504	2,064,261	26.2%
Education	3,669,955	682,190	137,888	4,490,033	56.9%
Grand Total	\$ 7,012,990	\$ 683,758	\$ 193,392	\$ 7,890,140	100.0%

## Biennium Budget Comparison

Budget Item	Present Law Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	Present Law Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Biennium Fiscal 02-03	Total Exec. Budget Fiscal 04-05
FTE	81.68	0.00	81.68	81.68	0.00	81.68	81.68	81.68
Personal Services	3,446,659	0	3,446,659	3,449,437	0	3,449,437	6,387,666	6,896,096
Operating Expenses	582,536	(84,328)	498,208	562,561	(66,725)	495,836	1,227,446	994,044
Equipment	0	0	0	0	0	0	57,604	0
<b>Total Costs</b>	<b>\$4,029,195</b>	<b>(\$84,328)</b>	<b>\$3,944,867</b>	<b>\$4,011,998</b>	<b>(\$66,725)</b>	<b>\$3,945,273</b>	<b>\$7,672,716</b>	<b>\$7,890,140</b>
General Fund	3,647,818	(141,323)	3,506,495	3,630,215	(123,720)	3,506,495	6,913,790	7,012,990
State/Other Special	284,681	56,995	341,676	285,087	56,995	342,082	581,130	683,758
Federal Special	96,696	0	96,696	96,696	0	96,696	177,796	193,392
<b>Total Funds</b>	<b>\$4,029,195</b>	<b>(\$84,328)</b>	<b>\$3,944,867</b>	<b>\$4,011,998</b>	<b>(\$66,725)</b>	<b>\$3,945,273</b>	<b>\$7,672,716</b>	<b>\$7,890,140</b>

**New Proposals**

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

## New Proposals

Program	Fiscal 2004					Fiscal 2005				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7001 - Continue Special Session fund switch										
04	0.00	(56,995)	56,995	0	0	0.00	(56,995)	56,995	0	0
DP 7020 - Reduction to balance the budget										
01	0.00	(2,105)	0	0	(2,105)	0.00	(2,105)	0	0	(2,105)
DP 7020 - Reduction to balance the budget										
02	0.00	(7,500)	0	0	(7,500)	0.00	(7,500)	0	0	(7,500)
DP 7020 - Reduction to Balance the Budget										
03	0.00	(3,846)	0	0	(3,846)	0.00	(3,846)	0	0	(3,846)
DP 7020 - Reduction to Balance the Budget										
04	0.00	(70,877)	0	0	(70,877)	0.00	(53,274)	0	0	(53,274)
Total	0.00	(\$141,323)	\$56,995	\$0	(\$84,328)	0.00	(\$123,720)	\$56,995	\$0	(\$66,725)

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	230,284	15,280	0	245,564	14,537	0	244,821	490,385
Operating Expenses	82,012	6,739	(2,105)	86,646	(17,023)	(2,105)	62,884	149,530
<b>Total Costs</b>	<b>\$312,296</b>	<b>\$22,019</b>	<b>(\$2,105)</b>	<b>\$332,210</b>	<b>(\$2,486)</b>	<b>(\$2,105)</b>	<b>\$307,705</b>	<b>\$639,915</b>
General Fund	312,296	21,438	(2,105)	331,629	(3,473)	(2,105)	306,718	638,347
State/Other Special	0	581	0	581	987	0	987	1,568
<b>Total Funds</b>	<b>\$312,296</b>	<b>\$22,019</b>	<b>(\$2,105)</b>	<b>\$332,210</b>	<b>(\$2,486)</b>	<b>(\$2,105)</b>	<b>\$307,705</b>	<b>\$639,915</b>

### Program Description

The Administration Program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school.

### Program Narrative

Administration Program Major Budget Highlights	
○	Budget balancing reductions decrease supplies, travel, and other general expenses by \$2,105 each year

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor

Program Funding Table Administration Program						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 312,296	100.0%	\$ 331,629	99.8%	\$ 306,718	99.7%
02050 School Trust Interest/Income	-	-	581	0.2%	987	0.3%
Grand Total	\$ 312,296	100.0%	\$ 332,210	100.0%	\$ 307,705	100.0%

This program is funded primarily with general fund. A minimal amount of school trust lands interest income also contributes to the program.

Present Law Adjustments											
-----Fiscal 2004-----						-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services					25,511					24,737	
Vacancy Savings					(10,231)					(10,200)	
Inflation/Deflation					722					722	
Fixed Costs					6,017					(17,745)	
Total Statewide Present Law Adjustments					\$22,019						(\$2,486)
Grand Total All Present Law Adjustments					\$22,019						(\$2,486)

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 7020 - Reduction to balance the budget										
01	0.00	(2,105)	0	0	(2,105)	0.00	(2,105)	0	0	(2,105)
<b>Total</b>	<b>0.00</b>	<b>(\$2,105)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,105)</b>	<b>0.00</b>	<b>(\$2,105)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,105)</b>

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 7020 - Reduction to balance the budget - Reduction to base operating supplies and travel in order to balance statewide general fund revenue and expenditure.

#### LFD COMMENT

This proposal reduces supplies by \$1,000, travel by \$875 and other expenses such as training, subscriptions and dues by \$230 each year.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	115,094	12,078	0	127,172	12,136	0	127,230	254,402
Operating Expenses	201,934	27,270	(7,500)	221,704	25,391	(7,500)	219,825	441,529
<b>Total Costs</b>	<b>\$317,028</b>	<b>\$39,348</b>	<b>(\$7,500)</b>	<b>\$348,876</b>	<b>\$37,527</b>	<b>(\$7,500)</b>	<b>\$347,055</b>	<b>\$695,931</b>
General Fund	317,028	39,348	(7,500)	348,876	37,527	(7,500)	347,055	695,931
<b>Total Funds</b>	<b>\$317,028</b>	<b>\$39,348</b>	<b>(\$7,500)</b>	<b>\$348,876</b>	<b>\$37,527</b>	<b>(\$7,500)</b>	<b>\$347,055</b>	<b>\$695,931</b>

### Program Description

The General Services Program staff are responsible for general upkeep and maintenance of the school's eight buildings and 12-acre campus.

### Program Narrative

General Services Program Major Budget Highlights	
○	Total funding increases approximately \$30,000 due to statewide present law adjustments (primarily fixed cost increases for insurance and bonds)
○	Budget balancing reductions decrease the supplies and utilities budget by a total of \$7,500 per year
○	General fund savings derived from a decrease in a bond repayment schedule and replacement of a van with a motor pool vehicle
○	An increase in the maintenance budget offsets the budget balancing reductions
○	

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table General Services Program						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 317,028	100.0%	\$ 348,876	100.0%	\$ 347,055	100.0%
Grand Total	\$ 317,028	100.0%	\$ 348,876	100.0%	\$ 347,055	100.0%

This program is funded entirely with general fund.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					17,377					17,437
Vacancy Savings					(5,299)					(5,301)
Inflation/Deflation					1,305					2,563
Fixed Costs					18,465					18,815
<b>Total Statewide Present Law Adjustments</b>					<b>\$31,848</b>					<b>\$33,514</b>
DP 5 - Bond Repayment - Mechanical Project	0.00	0	0	0	0	0.00	(2,000)	0	0	(2,000)
DP 7000 - General adjustments	0.00	7,500	0	0	7,500	0.00	6,013	0	0	6,013
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$7,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,500</b>	<b>0.00</b>	<b>\$4,013</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,013</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$39,348</b>					<b>\$37,527</b>

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

#### LFD COMMENT

Fixed costs include a decrease of \$2,300 each year due to the school replacing the power burner on its boiler in fiscal 2003. The new power burner is expected to be four percent more efficient than the old one and should result in a natural gas savings.

DP 5 - Bond Repayment - Mechanical Project - The State Buildings Energy Conservation Program funded a retrofit of the school HVAC system in 1994. The bond repayment schedule on this project decreases from \$10,000 in fiscal 2004 to \$8,000 in fiscal 2005.

DP 7000 - General adjustments - There is a reduction in vehicle maintenance and gasoline due to savings from replacing an old school van with a lease van from the State Motor Pool, offset by a \$7,500 per year increase in campus maintenance.

#### LFD COMMENT

This \$7,500 per year adjustment brings the repair and maintenance budget to about \$29,800 per year in maintenance contracts for the school's pneumatic temperature, security and fire control systems, for building, equipment, and vehicle repairs that occur during the year. Savings from the van lease rate, which includes gasoline and vehicle maintenance, is \$1,487 in fiscal 2005.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 7020 - Reduction to balance the budget										
02	0.00	(7,500)	0	0	(7,500)	0.00	(7,500)	0	0	(7,500)
<b>Total</b>	<b>0.00</b>	<b>(\$7,500)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,500)</b>	<b>0.00</b>	<b>(\$7,500)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$7,500)</b>

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 7020 - Reduction to balance the budget - Reduction to base operating expenses in supplies and utilities in order to balance statewide general fund revenue and expense.

**LFD  
COMMENT**

This reduction decreases the supplies budget by \$2,500, and the utilities budget by \$5,000 each year. Due to energy efficiencies provided through the purchase of a new boiler in fiscal 2003, utility expenses are anticipated to decrease by \$5,000 per year. This proposal offsets the present law increase of \$7,500 per year in the maintenance budget.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	29.74	0.00	0.00	29.74	0.00	0.00	29.74	29.74
Personal Services	804,597	122,438	0	927,035	124,746	0	929,343	1,856,378
Operating Expenses	102,678	2,278	(3,846)	101,110	7,941	(3,846)	106,773	207,883
Equipment	28,802	(28,802)	0	0	(28,802)	0	0	0
<b>Total Costs</b>	<b>\$936,077</b>	<b>\$95,914</b>	<b>(\$3,846)</b>	<b>\$1,028,145</b>	<b>\$103,885</b>	<b>(\$3,846)</b>	<b>\$1,036,116</b>	<b>\$2,064,261</b>
General Fund	911,077	93,162	(3,846)	1,000,393	101,133	(3,846)	1,008,364	2,008,757
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	25,000	2,752	0	27,752	2,752	0	27,752	55,504
<b>Total Funds</b>	<b>\$936,077</b>	<b>\$95,914</b>	<b>(\$3,846)</b>	<b>\$1,028,145</b>	<b>\$103,885</b>	<b>(\$3,846)</b>	<b>\$1,036,116</b>	<b>\$2,064,261</b>

### Program Description

The Student Services Program provides residential care for children living at the school.

### Program Narrative

Student Services Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>○ Total funding increases approximately \$100,000 per year due to annualization of the pay plan and base year upgrades for cottage life attendants</li> <li>○ A policy change of leasing vehicles from the state motor pool rather than purchasing new vehicles provides a cost savings</li> <li>○ Overtime for cottage staff is restored</li> <li>○ Budget balancing reductions decrease supplies, repair and maintenance, and other expenses</li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor

Program Funding Table Student Services						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 911,077	97.3%	\$ 1,000,393	97.3%	\$ 1,008,364	97.3%
03167 National School Lunch	<u>25,000</u>	<u>2.7%</u>	<u>27,752</u>	<u>2.7%</u>	<u>27,752</u>	<u>2.7%</u>
Grand Total	<u>\$ 936,077</u>	<u>100.0%</u>	<u>\$ 1,028,145</u>	<u>100.0%</u>	<u>\$ 1,036,116</u>	<u>100.0%</u>

The Student Services program is funded primarily with general fund and a small amount of revenue from the federal school lunch program.



Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					149,603					152,008
Vacancy Savings					(38,165)					(38,262)
Inflation/Deflation					32					192
Fixed Costs					(506)					(506)
Total Statewide Present Law Adjustments					\$110,964	\$113,432				
DP 7000 - General adjustments										
	0.00	(17,802)	0	2,752	(15,050)	0.00	(12,299)	0	2,752	(9,547)
Total Other Present Law Adjustments										
	0.00	(\$17,802)	\$0	\$2,752	(\$15,050)	0.00	(\$12,299)	\$0	\$2,752	(\$9,547)
Grand Total All Present Law Adjustments					\$95,914	\$103,885				

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7000 - General adjustments - This adjustment includes removing funding for the one-time purchase of new vehicles, reinstating zero-based overtime, adjusting the food budget to match actual fiscal 2002 expenditures and replacing a 15-passenger van with a leased 7-passenger van from the State Motor Pool in fiscal 2005. The offsetting reduction in vehicle maintenance and gasoline is included in the General Services Program since the lease rate for the van includes gasoline and maintenance.

The Student Services Program incurred \$17,822 in overtime expenditures in fiscal 2002 for classified staff. Overtime is provided to cottage staff who work past their schedule to cover for staff that have called in sick and for which substitutes can not be located. Minimal overtime is also incurred during student travel.

### LFD COMMENT

Costs associated with this adjustment are detailed in the following figure.

Figure 1 Student Services Program Costs Associated with General Adjustments			
Budget Item	Fiscal 2004	Fiscal 2005	Biennium Total
Remove Vehicle Purchase Budget	\$ (28,802)	\$ (28,802)	\$ (57,604)
Reinstate Overtime	11,000	11,000	22,000
Motor Pool Lease	-	5,503	5,503
Food Budget Adjustment	2,752	2,752	5,504
Total	\$ (15,050)	\$ (9,547)	\$ (24,597)
<u>Funding Source</u>			
1100-General Fund	\$ (17,802)	\$ (12,299)	\$ (30,101)
03167-National School Lunch	2,752	2,752	5,504
Total	\$ (15,050)	\$ (9,547)	\$ (24,597)

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 7020 - Reduction to Balance the Budget										
03	0.00	(3,846)	0	0	(3,846)	0.00	(3,846)	0	0	(3,846)
<b>Total</b>	<b>0.00</b>	<b>(\$3,846)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,846)</b>	<b>0.00</b>	<b>(\$3,846)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,846)</b>

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 7020 - Reduction to Balance the Budget - The Executive proposed a reduction to base operating budgeted in order to balance statewide general fund revenue.

### LFD COMMENT

This proposal reduces supplies by \$3,000, repair and maintenance by \$741 and other expenses by \$105 in each year of the 2005 biennium.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	42.94	0.00	0.00	42.94	0.00	0.00	42.94	42.94
Personal Services	2,105,191	41,697	0	2,146,888	42,852	0	2,148,043	4,294,931
Operating Expenses	159,866	(241)	(70,877)	88,748	(238)	(53,274)	106,354	195,102
<b>Total Costs</b>	<b>\$2,265,057</b>	<b>\$41,456</b>	<b>(\$70,877)</b>	<b>\$2,235,636</b>	<b>\$42,614</b>	<b>(\$53,274)</b>	<b>\$2,254,397</b>	<b>\$4,490,033</b>
General Fund	1,966,094	(12,625)	(127,872)	1,825,597	(11,467)	(110,269)	1,844,358	3,669,955
State/Other Special	235,065	49,035	56,995	341,095	49,035	56,995	341,095	682,190
Federal Special	63,898	5,046	0	68,944	5,046	0	68,944	137,888
<b>Total Funds</b>	<b>\$2,265,057</b>	<b>\$41,456</b>	<b>(\$70,877)</b>	<b>\$2,235,636</b>	<b>\$42,614</b>	<b>(\$53,274)</b>	<b>\$2,254,397</b>	<b>\$4,490,033</b>

### Program Description

The Education Program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves visually and hearing impaired children who remain in their local school districts by providing deaf/blind educational support services to the students' local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system.

### Program Narrative

Education Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>Total funding decreases approximately 1 percent</li> <li>The funding switch approved during the 2002 special session is continued, replacing \$56,995 general fund per year with funds from the account for telecommunications services for persons with disabilities</li> <li>Budget balancing actions reduce supplies, repair and maintenance, and other expenses by \$70,877 in fiscal 2004 and \$53,274 in fiscal 2005</li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>MTAP funding switch</li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Education						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,966,094	86.8%	\$ 1,825,597	81.7%	\$ 1,844,358	81.8%
02050 School Trust Interest/Income	235,065	10.4%	284,100	12.7%	284,100	12.6%
02159 Handicapped Telecommunications	-	-	56,995	2.5%	56,995	2.5%
03012 E.C.I.A. Chapter I	63,898	2.8%	68,944	3.1%	68,944	3.1%
Grand Total	\$ 2,265,057	100.0%	\$ 2,235,636	100.0%	\$ 2,254,397	100.0%

This program is funded primarily with general fund. Other funding includes state special revenue from school trust lands, Montana Telecommunication Access Program (MTAP), rental income, and reimbursements from school districts for large print and Braille materials, federal handicapped children grants and Medicaid reimbursements.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					78,868					80,071
Vacancy Savings					(87,362)					(87,410)
Inflation/Deflation					468					471
Fixed Costs					(709)					(709)
<b>Total Statewide Present Law Adjustments</b>					<b>(\$8,735)</b>					<b>(\$7,577)</b>
DP 7000 - General adjustments	0.00	50,191	0	0	50,191	0.00	50,191	0	0	50,191
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$50,191</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,191</b>	<b>0.00</b>	<b>\$50,191</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,191</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$41,456</b>					<b>\$42,614</b>

### Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7000 - General adjustments - The recommendation includes reinstating insurance and extra-curricular compensation omitted by MBARS calculations.

#### LFD COMMENT

This adjustment includes a \$41,041 per year insurance adjustment due to an error in calculating the insurance amounts for a half-time teacher of the deaf, 10 full time interpreters and 8 teaching assistants. Also included is \$9,150 per year extra-curricular compensation pay. The school pays extracurricular compensation to staff for sponsoring Junior N.A.D., Coaching, Class Sponsors, Cane Club, Newsletter, Year Book Coordinator, and Expressions of Silence. The collective bargaining agreement with teachers and support staff sets the fees for these extracurricular activities.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	General	State Special	Federal Special	Total Funds	
DP 7001 - Continue Special Session fund switch										
04	0.00	(56,995)	56,995	0	0	0.00	(56,995)	56,995	0	0
DP 7020 - Reduction to Balance the Budget										
04	0.00	(70,877)	0	0	(70,877)	0.00	(53,274)	0	0	(53,274)
<b>Total</b>	<b>0.00</b>	<b>(\$127,872)</b>	<b>\$56,995</b>	<b>\$0</b>	<b>(\$70,877)</b>	<b>0.00</b>	<b>(\$110,269)</b>	<b>\$56,995</b>	<b>\$0</b>	<b>(\$53,274)</b>

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 7001 - Continue Special Session fund switch - SB 27 in the special session enabled the legislature to appropriate the state special revenue fund for telecommunications services for persons with disabilities to the School for the Deaf and Blind. This proposal continues the same level of appropriation to the school as was allocated in the special session, or \$56,995. A fund switch reducing general fund and increasing state special funds by the same amount accomplishes this.

#### LFD ISSUE

During the August 2002 Special Session, the legislature approved this funding switch to offset Governor reductions implemented under the authority of 17-7-140, MCA, along with global general fund reductions approved during the special session. SB 37 revised 53-19-306, MCA allowing the Montana School for the Deaf and Blind to use MTAP funds for the purposes established in statute, which include:

- "(a) furnish specialized telecommunications equipment to meet the needs of persons with disabilities;
- (b) provide a telecommunications relay service system to connect persons with disabilities with all phases of public telecommunications service, including telecommunications service to emergency services and public safety agencies as defined in 10-4-101; and
- (c) determine if infants are hearing-impaired as early as possible in order to reduce long-term costs in providing assistance. "

The fiscal 2002 handicapped telecommunications fund balance is about \$875,000. Fiscal 2002 revenues were approximately \$100,000 greater than actual expenditures. However, there was discussion during the special session that MTAP expenditures are anticipated to outpace revenues due to increased costs for specialized telephone equipment and an average annual 10 percent growth rate in utilization of relay services. Based upon a review of the fund balance, Department of Public Health and Human Services' (DPHHS) proposals for the use of these funds (refer to issues and fund balance review in Section B, Health and Human Services, Program 04 Director's Office), and LFD revenue projections, an adequate fund balance is anticipated through the end of fiscal 2005 (over \$70,000).

#### Options:

- o If approved, the legislature may want to appropriate the funding as restricted and one-time-only, and require the school to report to the Education Appropriations Subcommittee of the 59th legislature on items funded with MTAP funds.

DP 7020 - Reduction to Balance the Budget - This proposal reduces the base operating budget, primarily supplies and materials, but also repairs and other operating expenses.

**LFD  
COMMENT**

Details regarding the reductions are included in the following figure.

Figure 2					
Education Program					
Budget Balancing Reductions and Impacts					
	Base Budget	Executive Reduction		% Change	% Change
	Fiscal 2002	Fiscal 2004	Fiscal 2005	Fiscal 2004	Fiscal 2005
<u>Budget Item</u>					
Supplies & Materials	\$ 97,257	\$ (61,878)	\$ (44,275)	-63.62%	-45.52%
Repair & Maintenance	7,739	(2,545)	(2,545)	-32.89%	-32.89%
Other Expenses	<u>15,770</u>	<u>(6,454)</u>	<u>(6,454)</u>	-40.93%	-40.93%
Total	\$ 120,766	\$ (70,877)	\$ (53,274)		
<u>Funding Source</u>					
1100-General Fund	\$ 120,766	\$ (70,877)	\$ (53,274)		
Total	<u>\$ 120,766</u>	<u>\$ (70,877)</u>	<u>\$ (53,274)</u>		

These reductions in addition to Governor and 2002 special session reductions have limited the purchase of educational materials and subscriptions. The school will forego replacement of the reading and math series text books. In addition, funding for replacing computers approved by the 2001 legislature, in order to keep the school on a four-year replacement schedule, has been eliminated.